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TRENDS IN THE EU AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE THIRD QUARTER OF 1995

Notice

This is the first *Statistics in Focus* on trends in the EU agricultural price indices which includes the indices for Austria, Finland and Sweden. The present analysis compares the third quarter of 1995 with the corresponding period of 1994. This comparison is affected notably by two factors:

- a) the entry into force, in 1995, of the third phase of the reform of the CAP, which implies a new decrease in the support prices for cereals and beef;
- b) the alignment of agricultural prices in the three new Member States on those in force in the rest of the European Union following enlargement. This explains the fall in prices for Austria and Finland, where the gap was widest before adhesion.

Finally, it should be remembered that in most cases these price decreases were compensated by compensatory aids, either Community or national.

Producer prices of agricultural products (Output)

Small price decline in real terms in EUR 15 (-1.5%)

The average monthly index of **producer prices of agricultural products** (including fruit and vegetables) for the Union as a whole (EUR 15, but still excluding the new German "Länder") rose +2.2% in *nominal* terms in the third quarter of 1995 relative to the corresponding quarter of the

previous year (see Table 1). The price increase was slightly less than the rate of inflation and so a small decrease in the *real* price index was recorded (-1.5%). Thus the small real price rises observed in the year 1994 and the first two quarters of 1995 were not continued. A slight

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decrease has been forecast for 1995 as a whole (see *Statistics in Focus* 1995 no. 18).

Real producer prices for **crop products** in the Union as a whole increased (+1.3%) relative to the third quarter of 1994. This rise was mainly due to price increases for cereals and rice (+1.5%), flowers (+6.9%), fruit (+7.9%), wine (+13.9%) and olives and olive oil (+16.3%). In contrast, the real price index for root crops and for fresh vegetables decreased markedly (-9.0% and -11.2% respectively).

Unlike crop product prices, real producer prices for **animals and animal products** declined (-3.9%). A price rise was seen for pigs (+1.9%) but there

were large decreases for animals overall (-4.8%), especially cattle excluding calves (-9.3%), poultry (-9.6%), calves (-3.9%) and sheep and goats (-3.6%). The price of milk and eggs also decreased (-2.6% and -6.6% respectively).

Across **Member States** of the Union (see Table 2), steep price declines were seen for the reasons already indicated in Austria (-27.7%) and Finland (-26.4%). In these two Member States, the fall in real producer prices was compensated by national and EU subsidies. The other Member States showed changes ranging from -4.9% in Sweden, -4.2% in Germany and -4.1% in both Belgium and Denmark to +3.1% in Italy.

Purchase prices of the means of agricultural production (Input)

Slight decrease in real terms (-0.6%)

The average monthly index for the purchase prices of the **means of agricultural production** (Input 00) for the third quarter of 1995 continued to rise in nominal terms (+2.7%) for the Union (EUR 15, excluding the new German "Länder") relative to the corresponding quarter of 1994 (see Table 3). However this nominal price rise was less than inflation and so the real price index fell (-0.6%) continuing the trend seen previously, but at a more moderate rate.

The index of prices of goods and services for **current consumption in agriculture (Input 01)** decreased slightly in real terms (-0.8%). Amongst the various headings, changes ranged from -4.1% for animals for rearing and production and -3.4% for animal feedingstuffs, to +4.6% for fertilizer.

The declines in the input price index for animals for rearing and production (import) may be

compared to the decline in the output price index for animals (for slaughter or export).

The real index for the purchase prices of goods and services contributing to **agricultural investment (Input 02)** was almost unchanged (-0.1%). There were small changes of opposite sign for machinery (+0.6%) and buildings (-1.0%).

Across **Member States** (see Table 4) the index of the purchase prices of the means of agricultural production fell steeply in real terms for Portugal (-12.3%) and Finland (-18.3%). The decrease in Finland was mainly due to the replacement of the turnover tax system by the value added tax system and the decrease in the price of feedingstuffs. Changes in the real input price index for the other Member States were in the range $\pm 3.6\%$.

Comparison of trends in output and input prices

Agricultural terms of trade

Slight decrease (-0.9%)

The real agricultural terms of trade, calculated by dividing the real output price index by the real input price index, fell from the base level of 100 in 1990 to 89.0 in 1993 and recovered partially to 91.7 in 1994. In the third quarter of 1995 the terms of trade index was 90.1 thus showing a slight decrease compared to the corresponding period of

1994 (see table below). The terms of trade improved markedly in Portugal (+11.2%) and to a lesser extent in the United Kingdom, Greece and the Netherlands. In contrast, they decreased in the other Member States. The strong deterioration observed in Finland and Austria is explained by the movement of prices towards those of the

European Union following adhesion. For that reason this indicator does not have much

economic significance in this case.



Real Agricultural Terms of Trade

	2nd Quarter 1995		3rd Quarter 1995	
	index (1990=100)	04.95-06.95	index (1990=100)	07.95-09.95
		04.94-06.94 (%)		07.94-09.94 (%)
B	91.1	- 6.2	91.7	- 2.7
DK	89.1	- 0.3	84.6	- 3.7
D	87.5	2.7	84.3	- 3.4
GR	92.5	1.9	91.2	1.5
E	106.8	7.7	97.8	- 0.1
F	87.0	- 0.2	85.2	- 0.8
IRL	104.2	- 2.9	100.6	0.0
I	90.3	2.4	91.3	- 0.1
L	76.6	- 3.1	76.6	- 2.4
NL	90.2	- 1.5	86.4	0.6
A	78.8	-13.0	68.5	- 27.2
P	100.5	16.2	96.0	11.2
S	87.1	- 1.9	89.8	- 1.3
FIN	81.5	- 5.0	81.1	- 9.9
UK	100.3	4.8	96.2	2.5
EUR 15	92.9	1.8	90.1	- 0.9

Methodological notes

Deflation: The EU agricultural price indices (output and input) are available in Eurostat's NewCRONOS database (PRAG domain) in both nominal and deflated form. By using the deflated indices it is possible to avoid the distortions in the nominal indices caused by different inflation rates in the Member States. The nominal agricultural price indices are deflated by means of the consumer price index for each Member State. The terms "deflated" and "real" are used synonymously.

Rebasing: Eurostat and the Member States have now changed the agricultural price indices from the base 1985=100 to 1990=100. Monthly agricultural price indices on the base 1990=100 are available in NewCRONOS from January 1994 for all Member States and for EUR 15. (Annual agricultural price indices with 1990=100 are available in the database from 1990; see *Statistics in Focus* 1995 nos. 14 and 18.) In certain cases the rebased indices are still provisional and there may be subsequent revisions.

Table 1

**EU Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 15 (in %) (1)**

	01/95-03/95 01/94-03/94	04/95-06/95 04/94-06/94	07/95-09/95 07/94-09/94
NOMINAL INDICES			
0 TOTAL	8,0	4,4	2,2
1 CROP PRODUCTS	16,1	9,6	5,6
11 Cereals and rice	-0,7	1,3	5,4
12 Root crops	62,4	30,5	-5,9
13 Fruit	17,5	11,1	13,2
14 Fresh vegetables	17,7	2,2	-6,5
15 Wine must and wine	20,7	17,5	18,2
16 Olives and olive oil	13,9	19,2	22,6
17 Seeds	19,6	12,9	13,1
18 Flowers etc.	11,9	9,1	9,6
19 Other crop products	0,0	-1,8	3,4
2 ANIMALS AND ANIMAL PRODUCTS	0,5	-0,6	-1,0
21 Animals	1,9	-1,4	-1,7
21A Calves	0,4	1,2	-0,9
21B Cattle excluding calves	-4,2	-6,4	-6,6
21C Pigs	13,2	4,7	4,7
21D Sheep and lambs	6,4	-3,0	0,5
21E Poultry	-8,2	-4,5	-6,3
21F Other animals	6,6	6,1	0,2
22 Milk	0,9	2,1	0,2
23 Eggs	-17,8	-11,7	-3,0
24 Other animal products	15,1	21,8	21,7
DEFLATED INDICES			
0 TOTAL	4,1	0,5	-1,5
1 CROP PRODUCTS	11,8	5,2	1,3
11 Cereals and rice	-4,0	-2,4	1,5
12 Root crops	58,4	27,0	-9,0
13 Fruit	12,5	5,9	7,9
14 Fresh vegetables	12,2	-3,6	-11,2
15 Wine must and wine	16,5	13,3	13,9
16 Olives and olive oil	8,5	12,5	16,3
17 Seeds	16,3	9,6	10,1
18 Flowers etc.	8,4	5,8	6,9
19 Other crop products	-4,4	-6,0	-0,8
2 ANIMALS AND ANIMAL PRODUCTS	-2,7	-3,8	-3,9
21 Animals	-1,3	-4,7	-4,8
21A Calves	-2,9	-2,1	-3,9
21B Cattle excluding calves	-6,9	-9,1	-9,3
21C Pigs	9,8	1,3	1,9
21D Sheep and lambs	2,1	-7,5	-3,6
21E Poultry	-11,1	-7,9	-9,6
21F Other animals	2,3	1,5	-4,2
22 Milk	-2,2	-0,9	-2,6
23 Eggs	-21,1	-15,2	-6,6
24 Other animal products	9,9	17,9	18,9

(1) On the base 1990 = 100

Table 2

EU Index of producer prices of agricultural products : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
Total	Nominal indices	a)	3,1	3,8	7,5	10,8	14,2	3,6	-0,5	12,9	-0,1	7,2	-13,4	9,1	-22,7	3,4	12,5	8,0
		b)	-6,7	-0,1	3,9	8,8	11,3	1,1	-0,5	10,4	-0,5	-2,1	-15,6	6,3	-24,9	4,1	7,1	4,4
		c)	-2,9	-2,3	-2,6	8,4	4,1	1,2	2,4	8,9	-0,2	0,6	-26,2	1,3	-26,0	-2,6	5,5	2,2
	Deflated indices	a)	1,3	1,3	5,3	0,2	9,0	1,9	-3,0	8,3	-2,3	4,7	-15,5	4,3	-24,0	0,8	8,8	4,1
		b)	-8,0	-2,3	2,0	-0,9	5,8	-0,6	-3,2	4,9	-2,7	-4,2	-17,7	1,9	-25,9	1,2	3,6	0,5
		c)	-4,1	-4,1	-4,2	-0,3	-0,4	-0,6	-0,2	3,1	-2,0	-1,0	-27,7	-2,5	-26,4	-4,9	1,8	-1,5
Crop products	Nominal indices	a)	14,6	6,3	23,9	12,0	20,3	8,1	1,9	21,0	1,8	14,8	7,5	12,5	-28,4	28,8	25,7	16,1
		b)	-5,6	2,2	18,8	11,3	17,3	4,3	-6,8	12,7	1,7	-0,9	4,0	9,3	-30,8	24,1	9,4	9,6
		c)	-9,2	-2,3	-5,5	12,0	8,0	4,5	1,7	11,2	-1,3	2,8	-30,3	0,4	-34,3	1,7	8,6	5,6
	Deflated indices	a)	12,6	3,8	21,4	1,2	14,8	6,2	-0,7	16,0	-0,5	12,2	4,9	7,6	-29,7	25,6	21,5	11,8
		b)	-6,9	-0,1	16,6	1,3	11,6	2,6	-9,3	7,1	-0,5	-3,0	1,4	4,8	-31,7	20,7	5,8	5,2
		c)	-10,3	-4,0	-7,0	3,1	3,4	2,6	-0,8	5,3	-3,0	1,2	-31,8	-3,4	-34,6	-0,6	4,7	1,3
Animal products	Nominal indices	a)	-3,5	2,3	1,3	7,8	4,0	-0,7	-0,8	2,0	-0,4	0,3	-19,6	4,8	-20,4	-4,3	5,1	0,5
		b)	-7,5	-1,4	-2,0	2,8	1,5	-2,4	0,5	7,0	-0,9	-3,2	-21,6	2,6	-22,3	-2,5	5,6	-0,6
		c)	1,3	-2,3	-1,3	-0,1	-1,9	-2,0	2,5	5,6	-0,1	-1,1	-24,9	2,4	-22,5	-4,2	3,7	-1,0
	Deflated indices	a)	-5,2	-0,1	-0,7	-2,5	-0,8	-2,4	-3,3	-2,2	-2,6	-2,1	-21,6	0,2	-21,8	-6,7	1,6	-2,7
		b)	-8,8	-3,6	-3,8	-6,4	-3,5	-4,0	-2,2	1,7	-3,1	-5,3	-23,6	-1,6	-23,3	-5,2	2,1	-3,8
		c)	0,1	-4,1	-3,0	-8,0	-6,1	-3,7	-0,1	0,0	-1,8	-2,7	-26,4	-1,5	-22,9	-6,4	0,0	-3,9

(1) On the base 1990 = 100

a = 01/95-03/95
01/94-03/94

b = 04/95-06/95
04/94-06/94

c = 07/95-09/95
07/94-09/94

(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Table 3

EU Index of purchase prices of the means of agricultural production:
Rates of change of the price indices for EUR 15 (in %) (1)

	01/95-03/95 01/94-03/94	04/95-06/95 04/94-06/94	07/95-09/95 07/94-09/94
NOMINAL INDICES			
00 TOTAL	1,7	2,1	2,7
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	1,5	1,6	2,3
1, Seeds	8,3	1,0	4,8
2, Animals for rearing	15,1	1,8	-1,3
3, Energy	0,0	1,5	1,4
4, Fertilizers	4,1	5,9	7,4
5, Plant protection products	-0,9	-0,5	0,9
6, Animal feedingstuffs	-1,5	-0,8	0,0
7, Small tools	5,2	6,3	6,5
8, Maintenance and repair of plant	3,5	3,7	4,4
9, Maintenance and repair of buildings	3,4	3,9	3,7
10, Veterinary services	2,4	2,5	2,3
11, General expenses	3,4	3,4	3,6
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	2,2	3,6	3,6
12, Machinery	1,9	3,8	4,0
13, Buildings	2,7	3,3	3,2
DEFLATED INDICES			
00 TOTAL	-1,5	-1,3	-0,6
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-1,7	-1,7	-0,8
1, Seeds	4,7	-2,1	1,7
2, Animals for rearing	12,2	-1,1	-4,1
3, Energy	-3,5	-2,1	-1,9
4, Fertilizers	1,2	2,9	4,6
5, Plant protection products	-4,0	-3,7	-2,4
6, Animal feedingstuffs	-4,8	-4,2	-3,4
7, Small tools	1,8	2,8	3,1
8, Maintenance and repair of plant	0,5	0,8	1,6
9, Maintenance and repair of buildings	0,2	0,7	0,7
10, Veterinary services	-0,5	-0,6	-0,7
11, General expenses	0,6	0,6	0,9
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	-1,3	-0,3	-0,1
12, Machinery	-1,4	0,3	0,6
13, Buildings	-1,2	-1,0	-1,0

(1) On the base 1990 = 100

Table 4

EU Index of purchase prices of the means of agricultural production : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
Total	Nominal indices	a)	0,5	0,6	1,9	6,7	3,6	1,1	1,9	4,2	2,7	3,5	-3,3	-5,8	-21,3	-7,4	2,1	1,7
		b)	-0,6	0,3	1,2	6,7	3,3	1,3	2,5	7,9	2,6	-0,6	-3,0	-8,6	-21,0	6,1	2,2	2,1
		c)	-0,2	1,5	0,9	6,8	4,2	2,0	2,4	9,0	2,3	0,0	1,5	-8,9	-17,9	-1,3	2,9	2,7
	Deflated indices	a)	-1,3	-1,8	-0,2	-3,5	-1,1	-0,6	-0,7	-0,1	0,4	1,0	-5,6	-10,0	-22,7	-9,7	-1,2	-1,5
		b)	-2,0	-2,0	-0,7	-2,8	-1,7	-0,3	-0,2	2,5	0,4	-2,8	-5,4	-12,3	-22,0	3,2	-1,2	-1,3
		c)	-1,4	-0,4	-0,8	-1,7	-0,3	0,2	-0,1	3,2	0,5	-1,6	-0,6	-12,3	-18,3	-3,6	-0,8	-0,6
Goods and services currently consumed in agriculture	Nominal indices	a)	0,1	0,2	2,0	5,6	2,9	1,0	0,7	5,1	3,6	4,1	-7,1	-8,5	-24,7	4,3	1,9	1,5
		b)	-1,2	-0,3	1,1	5,3	2,2	1,2	1,6	11,3	3,6	-1,5	-6,7	-11,3	-24,0	6,1	2,0	1,6
		c)	-0,7	1,0	0,8	5,4	3,8	1,8	1,7	13,1	3,1	-0,7	1,3	-11,8	-19,4	-4,0	2,7	2,3
	Deflated indices	a)	-1,7	-2,2	0,0	-4,5	-1,9	-0,8	-1,9	0,7	1,3	1,6	-9,3	-12,5	-26,0	1,7	-1,5	-1,7
		b)	-2,6	-2,6	-0,8	-4,1	-2,8	-0,5	-1,1	5,8	1,3	-3,6	-9,0	-15,0	-25,0	3,2	-1,4	-1,7
		c)	-1,9	-0,8	-0,9	-3,0	-0,7	0,1	-0,8	7,1	1,4	-2,2	-0,8	-15,1	-19,8	-6,3	-0,9	-0,8
Goods and services contributing to agricultural investment	Nominal indices	a)	3,5	2,2	1,3	10,4	5,8	1,7	5,7	3,5	1,5	1,8	1,7	7,8	-13,8	-30,4	3,5	2,2
		b)	3,8	2,8	1,3	11,8	6,7	1,9	5,5	4,6	1,5	1,8	1,9	5,1	-14,2	6,2	3,7	3,6
		c)	3,3	3,4	1,3	11,7	5,3	2,4	4,6	5,1	1,2	1,8	1,8	5,6	-14,7	6,6	4,0	3,6
	Deflated indices	a)	1,6	-0,2	-0,7	-0,2	0,9	0,0	3,1	-0,8	-0,8	-0,6	-0,8	3,1	-15,3	-32,2	0,1	-1,3
		b)	2,3	0,5	-0,6	1,8	1,5	0,2	2,7	-0,6	-0,8	-0,3	-0,6	0,8	-15,4	3,3	0,3	-0,3
		c)	2,1	1,5	-0,4	2,8	0,8	0,6	2,0	-0,5	-0,6	0,2	-0,3	1,6	-15,1	4,1	0,3	-0,1

(1) On the base 1990 = 100

a = 01/95-03/95

b = 04/95-06/95

c = 07/95-09/95

01/94-03/94

04/94-06/94

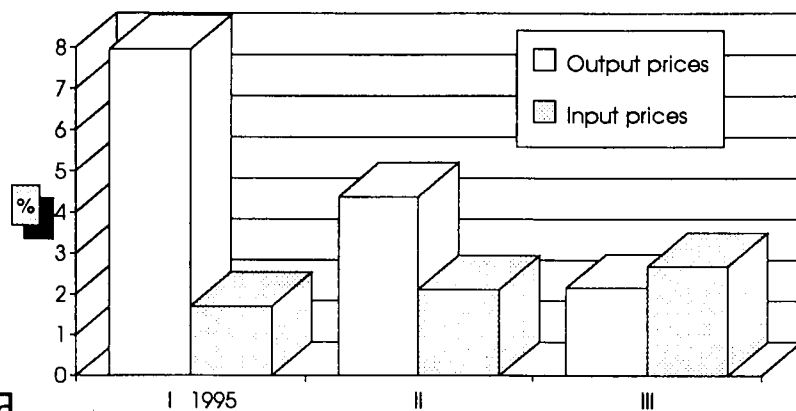
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(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Rates of change of the EU agricultural price indices

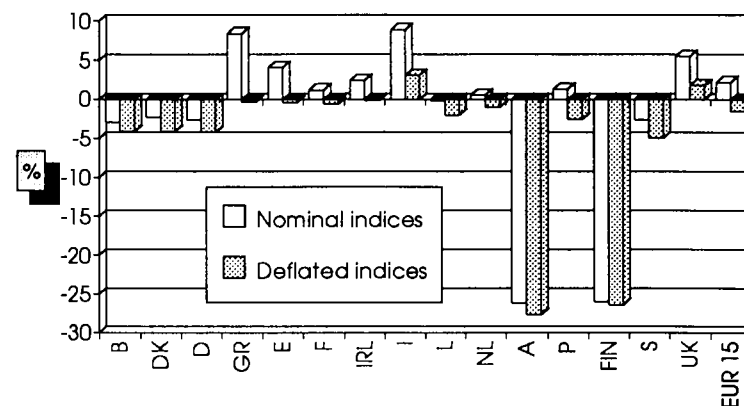
EUR 15

Nominal Indices



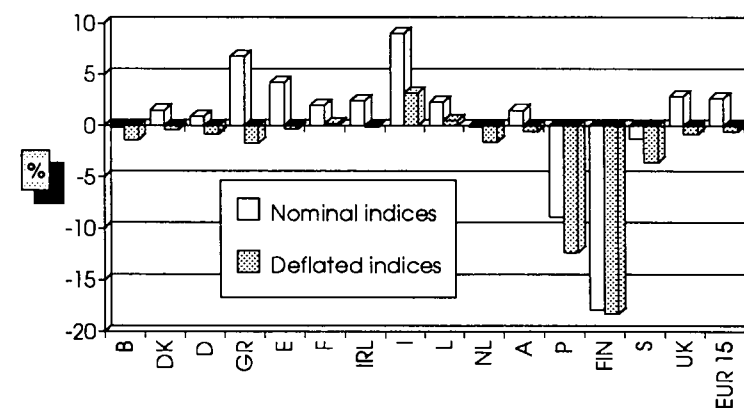
EU Index of producer prices of agricultural products: Rates of change of the price indices by Member State

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EU Index of purchase prices of the means of agricultural products: Rates of change of the price indices by Member State

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Deflated Indices

